

results from the lack of assistance to the provinces and the municipal governments of the country. It is for these reasons that we are forced today to move this motion which, in effect, is a motion of non-confidence.

Therefore, Mr. Speaker, we condemn the government's lack of leadership which has humiliated the disadvantaged, dislocated the finances of provinces and municipalities, and caused injury and decline to our rural communities which are already seriously damaged by the government's failure to provide adequate agricultural policies.

The Economic Council of Canada recently estimated that the Canadian output performance for the current year is \$4 billion below potential. I suppose that might be rationalized by saying "seasonally adjusted", though not with the seasons of the year, perhaps, but with the seasons of the ups and downs of the present government.

Mr. McGrath: The ministers responsible are not even here.

Mr. Thompson: The fact is that the chairman of the Economic Council, Mr. Arthur Smith, just the other day pointed out that one of the basic reasons the government is facing a deficit of approximately \$350 million in place of the \$250 million surplus which they budgeted for is that the income of the government has decreased. Mr. Smith suggested that, while no one knows exactly at the present time, it might be reasonable to expect that the income of the government in the form of taxes is down approximately \$1 billion from what it ought to have been if the expansion and growth of the country had gone forward at the same rate as in the last several years and as it might have done had the government not followed the policies which have brought us to this present situation.

It has been emphasized by many newspaper editorials across the country and it has also been the opinion of leading economists, that the government has taken the historically dangerous route of fighting inflation by bringing about a greater extent of unemployment and general economic slackness. It does not require the training of an economist to know what happens when jobs are cut back and production is restricted, when money is withdrawn from circulation and when interest rates increase. The answer is simply that less is produced and, therefore, there are fewer jobs for people in the area of production and distribution. When that happens, Mr. Speaker, there is less money to spend and we find ourselves in the downward cycle in which we have been for the last ten months.

The government has realized this and, during the last three months, has attempted to reverse the situation. They have doubled the money supply in circulation, have lowered the cost of interest, have desperately brought in policies that will stimulate the economy because they know that their restrictive policies have inhibited the economy, resulted in unemployment and that these negative policies were bringing the country to the brink of disaster.

Economic Conditions in Rural Communities

These are basic economic principles which experience confirms, yet when these facts were brought before this House in the debates on the budget last spring the government said they knew what they were doing. In a country, such as Canada, with an economy as diverse as its regions and industries, it seems to me that the government should operate a fiscal and monetary policy in a regional perspective to bring this situation under control. When unemployment is the intentional creation of a government under the pretext of trying to lower the rate of inflation, that government ought to be honest and acknowledge overkill. They should make an effort to restore jobs and provide a livelihood for those Canadians who want to work and to contribute to the industrial expansion of this country. They should be provided with work or at least with the opportunity to work.

Some hon. Members: Hear, hear!

Mr. Thompson: Mr. Speaker, the situation which we face at this time is tragic for many Canadians and I think that makes the motion before us a relative thing for most Canadians at the present time. It is not only the fiscal and monetary policies which are at fault in this regard, but also the tax reforms proposed in the white paper. I think there is no single act of the government which has caused such a slowing down in the economy as the recommendations included in the original white paper when it was brought in nearly a year ago. It was brought in as a basis for discussion and there has been a tremendous amount of discussion during recent months. That aspect has been good, but when the government brings in a white paper reflecting the policy of the government—because it is drafted for this Parliament and the Canadian people by the government—and when the wrong and illogical contents of such a document cause distrust, fear and suspicion in the business and industrial segments of the economy, then the only thing that can happen is a deliberate slowing down because of the uncertainties which its recommendations generate. The Minister of Finance (Mr. Benson) has said that he is certainly not going to implement all of the recommendations and that there will be some changes from the white paper in his next budget, but the damage has already been done. Although the money supply today has increased in volume, the lack of confidence of the general economy in the government's policies is such that it refuses to pick up this extra money or use this lower interest rate which would prevent, under normal circumstances, this intolerable situation.

● (3:10 p.m.)

It is important that I refer here to the provincial governments and to their increased burden of responsibility, as well as that of municipal governments. There is no place in the economy where the pinch is felt as much as it is at this level. When the recent constitutional committee met I think every one of the premiers expressed grave concern about unemployment and the general economic conditions. This concern is already beginning to show itself in the budgets about to be introduced by the various provincial legislatures. The